



State of Arizona  
Department of Education

**Tom Horne**  
Superintendent of Public Instruction

**School Finance**  
1535 West Jefferson, Bin 13  
Phoenix, AZ 85007  
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## School Finance Advisory Committee

Fiscal Year 2005-2006  
Wednesday, April 26, 2006

### Logistics

#### Meeting Time

Please plan for a punctual arrival so the meeting can begin on time.

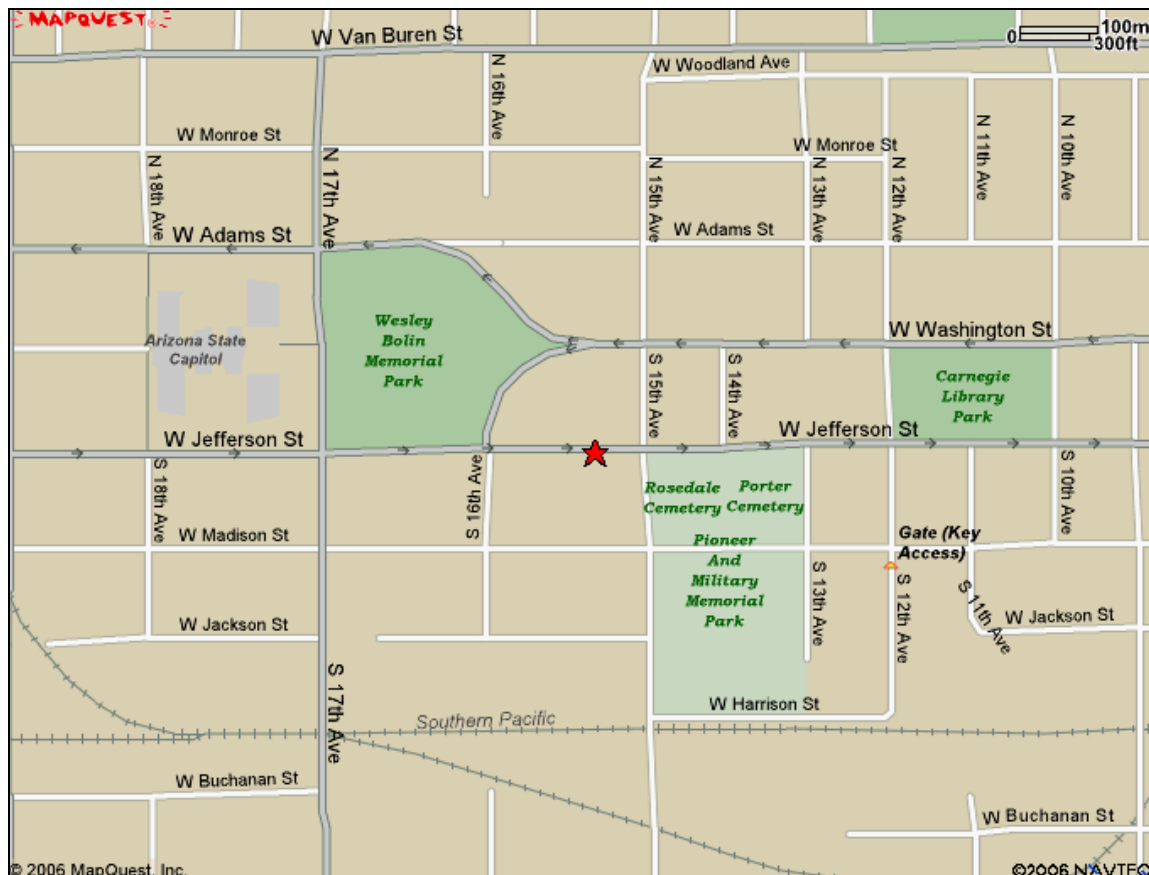
Meeting: 1:00 p.m. – 4:00 p.m.

#### Meeting Location

Arizona Department of Education  
1535 West Jefferson  
4th Floor Conference Room, Room 417  
Phoenix, AZ 85007

#### ADE Contact Info

Jill Heikkila  
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**School Finance Unit**  
**Arizona Department of Education**  
 1535 W. Jefferson, BIN 13, Phoenix, AZ 85007  
 Phone: 602-542-5695 Fax: 602-542-3099



**School Finance Advisory Committee**  
**Fiscal Year 2005-2006**

**Meeting Agenda**

| General         |   | Start Time | Stop Time |
|-----------------|---|------------|-----------|
| <b>Date</b>     | Wednesday, April 26, 2006   | 1:00 pm    | 4:00 pm   |
| <b>Location</b> | Arizona Department of Education, 1535 W. Jefferson, 4 <sup>th</sup> Floor Conference Room, Room 417 |            |           |

| Members                   |                               |                             | ADE Staff          |
|---------------------------|-------------------------------|-----------------------------|--------------------|
| Ms. Patricia Beatty       | Ms. Rita Leyva                | Mr. Michael D. Reed         | Bonnie Betz        |
| Mrs. Lana E. Berry        | Mr. Scott Little              | Mr. George Ritchie          | Paul Carolan       |
| Mr. Daniel D. Bigler, CPA | Mr. Bill Maas                 | Mrs. Adrienne E. Sanchez    | Teddy Dumlao       |
| Mr. Mark E. Busch         | Mrs. Lucia Marrufo            | Dr. Elizabeth M. Sanders    | Harold Frederick   |
| Ms. Marcie K. Celaya      | Mr. Brian L. Mee              | Mrs. Vickie L. Simmons, CPA | Lyle Friesen       |
| Mr. Paul Christensen      | Ms. Montie Morris             | Dr. Kenneth A. Smith        | Dolores Gerritse   |
| Mr. Kent DeYoung          | Ms. Linda F. Munk, M.Ed       | Mr. Fred A. Stone III       | Art Harding        |
| Ms. Lori Garvey           | Mr. Quincy Natay, MBA         | Mr. Roger Studley           | Jill Heikkila      |
| Ms. Mary F. Gifford       | Ms. Tina M. Norton            | Mrs. Brenda Thomas          | Vicki Salazar      |
| Ms. Karen L. Havird       | Mrs. Norma Pacheco            | Mrs. Rose Whelihan          | Tina Shaw          |
| Mr. Ken Hicks             | Mr. Kevin E. Price            | Mrs. K. Raechel Whitmer     | Ruth Solomon       |
| Ms. Michele Kaye          | Mrs. Linda A. Proctor-Downing | Ms. Sandy Wilkins           | Philip G. Williams |
| Dr. Gaye Leo              | Ms. Usha Raghavan             | Mr. George Zeigler          |                    |

| Agenda  |
|---|
| <p>(Lyle Friesen) Review/Approval of February 2006 Minutes (handout)</p> <p>(Steven Race) Indirect Cost</p> <p>(Jill Heikkila) FY07 SFAC Meeting dates (handout)</p> <p>(Jill Heikkila) First Day Absences Policy (handout)</p> <p>(Teddy Dumlao) Mid-month SDDI and SAIS Online shutdown</p> <p>(Pat Beatty) ADE's definition of school<br/>         How school districts can claim ADM for students enrolled in Community School programs</p> <p>(Linda Munk) Suspensions (10 days or less)<br/>         Students in juvenile detention</p> <p>(Karen Havird) Timeliness of providing ADM reports in relationship to budget revisions</p> <p>Report from subcommittees:</p> <ul style="list-style-type: none"> <li>Concurrent Enrollment (Rose Whelihan-Chair) –</li> <li>Auditable ADM (Paul Carolan-Chair) – Nothing to report at this time</li> </ul> <p>Call to the Audience</p> <p>Adjournment</p> |

**Next Meeting:** Monday, June 12, 2006  
1:00 – 4:00 pm

**Location:** Arizona State Capitol  
Executive Tower Building  
2<sup>nd</sup> Floor Conference Room  
1700 West Washington  
Phoenix, AZ 85007

**Estimated Distribution Date of April 2006 Meeting Minutes:** May 17, 2006

## School Finance Advisory Committee Meeting

### Monday, February 13, 2006

| Subject / Name   | Issue   | Suggestions / Resolution   |
|--|---|--|
| <b>Minutes Review</b>                                    | No corrections were made to the minutes.  |  |
| <b>Indirect Cost</b>                                     | <p>The approved indirect cost rate for the district doesn't calculate enough to cover the county portion. Scott Little presented some questions that Tina Norton and he discussed prior to the meeting. How does the indirect cost process work? How does a county school superintendent get its cost unless the school puts it in? Why can't both rates be available at the same time? The approved indirect cost rate for the district doesn't calculate enough to cover the county portion.</p> <p>It was also noted that the formula is up and down, so some years the counties get paid and some years they don't. The county doesn't get its piece because there is a swing down in the number. LEAs were told that if the district's rate is less than the county, then the district and the county have to work it out between them. Paul Carolan noted that he had previously had discussions with Tina Norton on this topic. Tina and Audit don't agree with the methodology.</p>   | <ol style="list-style-type: none"> <li>1. Can the county indirect cost rate be included in the Grants Management application where the district indirect cost rate is entered?</li> <li>2. Paul agreed to chair another meeting regarding Indirect Cost. This meeting was set-up for Tuesday, March 7, 2006 from 1:30 – 3:00 pm.</li> </ol>  |
| <b>1<sup>st</sup> Day Absence Policy &amp; Procedure</b> | <p>The 1<sup>st</sup> Day Absence Policy and Procedure document was presented to the SFAC. Rose Whelihan noted her concern that the SMS systems will not be able to make the necessary changes by July 1, 2006. Kevin Price included that ADE MIS also needs to be ready for any necessary changes by July 1, 2006.</p> <p>Kevin wanted to know where this policy defines excused vs. unexcused absences. Lyle explained that excused vs. unexcused is a separate but related policy and is still coming. Karen is under the impression that what the SFAC came up with for excused vs. unexcused last year is in effect, although nothing formal has been drafted. Lyle agreed with this.</p> <p>Bob Dohm questioned what the first day of registration is. Lyle explained that Registration is the day that the student registers, even if they don't attend school until a few days later.</p> <p>Lyle stated that we need to determine if this applies to all students, pre-enrolled students, etc. He ask how many of the SFAC think it should apply only to pre enrolled or continuing students. 4 or 5 raised their hands.</p> <p>Kevin Price noted that the ADMS80 report should show any concurrency issue related to this policy.</p> | <ol style="list-style-type: none"> <li>1. The SMS's need to officially be informed of the changes.</li> <li>2. SF will try to get some preliminary information out to the districts and charters. Karen Havird agreed that the just the policy portion on ADE letterhead should be sufficient.</li> <li>3. Registration will be added to definitions in the procedures.</li> <li>4. Karen suggested that language addressing first day of instruction vs. first day of registration should be included.</li> <li>5. Delete last line of policy statement and add "for that student" to the end of the prior sentence.</li> </ol> |
| <b>Mid-Month SDDI Shutdown</b>                           | <p>Teddy Dumlao understood from the last meeting that there was some positive feedback regarding having reconcilable reports which would require a hard mid month (shutdown of SDDI.) He explained that if SF takes SDDI down, LEAs can't upload any data. He also noted that SF is considering not closing SDDI until the closest weekend to the 15<sup>th</sup>.</p>  | <p>A vote was taken and no SFAC member in attendance was opposed to shutting down SDDI for mid-month on the weekend.</p>   |
| <b>FY05 Recalculation</b>                                | <p>Teddy explained that he is confident with the new process for FY05 recalculation so that SF can get it done. Integrity has been forced on all of FY05 and SF is</p>  | <p>SF (Payment Team) will send out a memo informing the business managers of the FY05 Recalculation.</p>   |

## School Finance Advisory Committee Meeting Monday, February 13, 2006

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|   | confident that it has been successfully completed. Currently, Teddy believes that aggregation is being run, which should complete before mid-month on Wednesday, February 15, 2006. Then SF will pick up the push and report generation after mid-month FY06 is complete. So all FY05 reports should be ready by the end of February for FY05 recalculation. Marcie Celeya was concerned if the business managers had been informed of the FY05 recalculation. |   |
| <b>Superintendents' Letters</b>           | Karen Havird queried how many District Superintendents will be writing a letter to Superintendent Horne regarding the inaccuracy and inconsistency of SAIS, as was suggested at the last SFAC meeting. She wanted to know if other SFAC members would have their District Superintendent write letters, too.   | <ol style="list-style-type: none"> <li>1. Karen will write a letter to her District Superintendent, which he can forward onto Superintendent Horne.</li> <li>2. The SFAC recommended not submitting any code migrations after March 31<sup>st</sup>.</li> </ol>       |
| <b>Concurrent Enrollment Subcommittee</b> | Rose Whelihan stated that the Concurrent Enrollment Subcommittee met last week, but only 3 members attended. So the subcommittee will have another meeting and to continue the discussion. The subcommittee only has a rough draft at this point.<br>Teddy noted that there is an 80-2 concurrency report that is ready for production.  | <ol style="list-style-type: none"> <li>1. Teddy will talk to Jerry in SF to see if he can run a concurrency query.</li> <li>2. Rose to schedule another meeting.</li> </ol>   |
| <b>Call to the Audience</b>               | Sandy Wilkins inquired if there was anything that the SFAC could do regarding 65% classroom expenditures for coding consistency between districts.<br>Lyle stated that if we revise the amount by which a district exceeds it's general budget to 4% or more, only 15 of districts will have to revise their budget. SF could then focus on helping those 15 districts. Karen asked if it looks favorable that this could be passed as a technical correction. | <ol style="list-style-type: none"> <li>1. No action was taken on Sandy Wilkins' request for coding consistency.</li> <li>2. Lyle will put something together to take to Art Harding about the technical correction request after he looks at soft capital.</li> </ol> |
| <b>Next Meeting</b>                       | <a href="#">Wednesday, April 26, 2006</a>  | <b>Arizona Department of Education<br/>1535 West Jefferson<br/>4<sup>th</sup> Floor Conference Room, Room 417<br/>Phoenix, AZ 85007</b>   |

### Acronyms

|       |  |       |   |
|-------|--|-------|---|
| AASBO | Arizona Association of School Business Officials | M&O   | Maintenance and Operation Fund                    |
| ADE   | Arizona Department of Education                  | NAVIT | Northern Arizona Vocation Institute of Technology |
| ADM   | Average Daily Membership                         | RTC   | Regional Training Center                          |
| AFR   | Annual Financial Reports                         | SAN   | Storage Area Network                              |
| AG    | Auditor General                                  | SDAR  | Student Detail Activity Report                    |
| CCD   | Common Core Data                                 | SDER  | School District Employee Report                   |
| CEC   | Certificate of Education Convenience             | SF    | School Finance                                    |
| CSF   | Classroom Site Fund                              | SFAC  | School Finance Advisory Committee                 |
| EVIT  | East Valley Institute of Technology              | SFB   | School Finance Board                              |
| JTED  | Joint Technological Education District           | SMS   | Student Management System                         |
| LEA   | Local Education Agency                           | USFR  | Uniform System of Financial Records               |

## School Finance Advisory Committee Meeting Monday, February 13, 2006

| <b>Action Items / Commitments</b> |   |
|-----------------------------------|---|
| <b>Teddy Dumlao</b>               | <ul style="list-style-type: none"> <li>Will talk to Delano to determine if the county indirect cost rate can be included in the Grants Management application where the district indirect cost rate is entered.</li> <li>The SMS's need to officially be informed of the changes regarding 1<sup>st</sup> Day Absences.</li> <li>Talk to Jerry in SF to see if he can run a concurrency query.</li> </ul>         |
| <b>Paul Carolan</b>               | <ul style="list-style-type: none"> <li>Paul agreed to chair another meeting regarding Indirect Cost. This meeting was set-up for Tuesday, March 7, 2006 from 1:30 – 3:00 pm.</li> </ul>   |
| <b>Lyle Friesen</b>               | <ul style="list-style-type: none"> <li>SF will try to get some preliminary information out to the districts and charters regarding the 1<sup>st</sup> Day Absence Policy. Just the policy portion on ADE letterhead should be sufficient.</li> <li>Lyle will put something together regarding districts/charters exceeding their general budget to take to Art Harding after he looks at soft capital.</li> </ul> |
| <b>SF Policy Team</b>             | <ul style="list-style-type: none"> <li>Registration will be added to definitions in the procedures for the 1<sup>st</sup> Day Absence Policy.</li> <li>Language addressing first day of instruction vs. first day of registration should be included.</li> <li>Delete last line of policy statement and add “for that student” to the end of the prior sentence.</li> </ul>                                       |
| <b>Karen Havird</b>               | <ul style="list-style-type: none"> <li>Will have her County Superintendent write a letter to Superintendent Horne.</li> </ul>   |
| <b>Bonnie Betz</b>                | <ul style="list-style-type: none"> <li>SF will send out a memo informing the business managers of the FY05 Recalculation.</li> </ul>  |

### Members in Attendance

| <b>Members</b>   |                |                   | <b>ADE Staff</b> |
|------------------|----------------|-------------------|------------------|
| Patricia Beatty  | Ken Hicks      | Elizabeth Sanders | Paul Carolan     |
| Lana E. Berry    | Rita Leyva     | Vickie Simmons    | Bob Dohm         |
| Mark E. Busch    | Scott Little   | Roger Studley     | Teddy Dumlao     |
| Marcie K. Celaya | Lucia Marrufo  | Brenda Thomas     | Lyle Friesen     |
| Paul Christensen | Montie Morris  | Rose Whelihan     | Dolores Gerritse |
| Kent DeYoung     | Linda Munk     | Sandy Wilkins     | Jill Heikkila    |
| Lori Garvey      | Norma Pacheco  | George Zeigler    |                  |
| Karen L. Havird  | Kevin E. Price |                   |                  |



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**School Finance Advisory Committee**  
**Fiscal Year 2006-2007**

**Proposed Meetings**  
**School Finance Advisory Committee**  
**Fiscal Year 2007**

| Day    | Date              | Time           | Location  |
|--------|-------------------|----------------|---|
| Monday | August 14, 2006   | 1:00 – 4:00 pm | Arizona State Capitol<br>Executive Tower Building<br>2 <sup>nd</sup> Floor Conference Room<br>1700 West Washington<br>Phoenix, AZ 85007 |
| Monday | October 16, 2006  | 1:00 – 4:00 pm |   |
| Monday | December 11, 2006 | 1:00 – 4:00 pm |   |
| Monday | February 12, 2007 | 1:00 – 4:00 pm |   |
| Monday | April 9, 2007     | 1:00 – 4:00 pm |   |
| Monday | June 11, 2007     | 1:00 – 4:00 pm |   |

|  |   |  |
|--|---|--|
| Revised 3/06   | ARIZONA<br>DEPARTMENT OF EDUCATION<br><br><b>POLICY &amp; PROCEDURE</b> | NO. SF-1   |
| SUPERSEDES   |   | SHEET 1 of 3   |
| <b>SUBJECT:</b><br><br><b>FIRST DAY ABSENCE</b><br><b>Effective July 1, 2007</b> |   | <b>FILING INSTRUCTIONS</b><br>(Policies & Procedures Manual)<br>Section: School Finance<br>As item: SF-1 |

## I. POLICY

For the purposes of determining Average Daily Membership (ADM) for a given school year at a given public school pursuant to ARS § 15-901 (A)(2), the first day of membership for continuing students or for pre-enrolled students shall be the first day that classroom instruction is offered. For all other students, the first day of membership for ADM purposes shall be the first day of attendance.

## II. PROCEDURE

### First Ten Days of Classroom Instruction

On the first day of instruction, the class roster may consist of continuing and pre-enrolled students. Such students may be enrolled in SAIS with an enrollment date equal to the first day school is in session whether they participate in school on that day or not. However, records demonstrating that a student attended school at some point during the first ten days school was in session must exist in SAIS to justify an enrollment on the first day. Continuing students who do not attend school during the first ten days school is in session are subject to summer withdrawal. Any enrollment that exists in SAIS for students who do not attend school during the first ten days school is in session must be deleted.

## III. PURPOSE

Districts and charters are required to plan for and to provide resources for all continuing and pre-enrolled students from the first day that classroom instruction is offered, whether these students are present or absent. These resources must be paid for by the schools. Since the liability for these resources is incurred no later than the first day of classroom instruction, schools believe that they should be funded by the State of Arizona for the provision of these resources as of the first day of classroom instruction.

### A. FACTS/IMPACTS

The Arizona Department of Education's (ADE's) policy has been to calculate State equalization assistance for students as of the first day that the student attends classroom instruction for the following reasons:

- To minimize the expenditure of taxpayer resources for students receiving classroom instruction.
- To minimize the over-funding of students in concurrent enrollment status.



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|--|---|--|
| Revised 3/06   | ARIZONA<br>DEPARTMENT OF EDUCATION<br><br><b>POLICY &amp; PROCEDURE</b> | NO. SF-1   |
| SUPERSEDES   |   | SHEET 2 of 3   |
| <b>SUBJECT:</b><br><br><b>FIRST DAY ABSENCE</b><br><b>Effective July 1, 2007</b> |   | <b>FILING INSTRUCTIONS</b><br>(Policies & Procedures Manual)<br>Section: School Finance<br>As item: SF-1 |

## B. CONCLUSION

As recommended by the School Finance Advisory Committee, the ADE has established a new policy regulating the administration of students who are enrolled, but are not physically present in the classroom on the first day that classroom instruction is offered. State equalization assistance provides schools with the ability to pay for resources necessary to educate students, e.g., land, buildings, utilities, teachers, administrators, furniture, computers, software, etc. These resources are necessary to educate students as a whole whether or not an individual student is present.

The implementation of the Student Accountability Information System (SAIS) has enabled the ADE to identify students in concurrent enrollment status. This greatly reduces over-funding caused by students registering in one school who may or may not be attending that school and/or who are attending another school or schools.

Therefore, we conclude that this change in policy would allow districts and charters to be more adequately funded.

## C. BACKGROUND

Arizona Revised Statutes (ARS) do not provide a clear definition of how to handle cases where students are enrolled but are absent on the first day of classroom instruction. The nature of this question revolves around the notion of withdrawal of enrollment, and under what conditions it should occur. Historically, the Arizona Department of Education (ADE) has interpreted that a student had to be physically in attendance on the first day of classroom instruction or that student would have to be withdrawn from the enrollment. This policy was driven by the philosophical position that served two purposes: it minimized expenditures of taxpayer resources for students not receiving classroom instruction, and it reduced over-funding of students in concurrent enrollment status.

As recommended by the School Finance Advisory Committee, the ADE has established a new policy regulating the administration of students who are enrolled, but are not physically present in the classroom on the first day that classroom instruction is offered. This change primarily affects the point at which membership for continuing or pre-enrolled students is recognized for the purpose of calculating Average Daily Membership (ADM).

This change in policy attempts to recognize the costs for space, teachers and other resources that are incurred by public schools when they prepare for continuing and pre-enrolled students. Those costs may not be reduced or eliminated simply because a student is not in attendance on the first day of classroom instruction. Costs for these resources are fixed in nature and are based on planned requirements that do not vary based on per capita attendance.

Consequently, the ADE has concluded that public schools should be able to recover costs that result from planning and deploying resources for continuing and pre-enrolled students,

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|---|------|--|---|--------|
| Revised   | 3/06 | ARIZONA<br>DEPARTMENT OF EDUCATION<br><br>POLICY & PROCEDURE | NO.   | SF-1   |
| SUPERSEDES  |      |  | SHEET   | 3 of 3 |
| SUBJECT:<br><br>FIRST DAY ABSENCE<br><br>Effective July 1, 2007 |      |  | FILING INSTRUCTIONS<br>(Policies & Procedures Manual)<br>Section: School Finance<br>As item: SF-1 |        |

provided that the student attends classroom instruction during the first ten days of classroom instruction.

#### D. DEFINITIONS

Register: A written record containing regular entries of items or details; a book or system of public records; a roster of qualified or available individuals.

ARS § 15-901(A)(10) – “Enrolled” or “enrollment” means that a pupil is currently registered in the school district.

ARS § 15-902(F) – A pupil is enrolled if the pupil is currently registered in the school district. In addition, the Uniform System of Financial Records (USFR) shall contain procedures to ensure that enrollment is determined by all school districts on a uniform basis. ARS § 15-183(E)(6) provides that, except as provided in the article, charter schools are subject to the same financial and electronic data submission requirements as a school district, including the USFR.

ARS § 15-901(A)(2) – “Average daily membership” (ADM) means the total enrollment of fractional students and full-time students, minus withdrawals, of each school day through the first one hundred days or two hundred days in session, as applicable, for the current year.

Continuing students – students enrolled through the last day of the preceding school year.

Pre-enrolled students – students who are not continuing students but who have registered prior to the first day of classroom instruction of the current school year.